INWARD FOREIGN MAILS
From Europe by Suez...Euryades, left Hamburg May 5, due Shanghai July 3
From U.S.A....Pres. Cleveland, left New York May 20, due Shanghai July 2
OUTWARD FOREIGN MAILS
For Europe by Suez....Carthage, closes at 12 on July 6, due L'don Aug. 7
For U.S.A.....Pres. McKinley, closes at 21 on July 5, due Seattle July 21
For mails by Siberia and by air see page 8

NORTH-CHINA DAILY NEWS

Tsz-ling-se-pao-yu-han-kung-sze SHANGHAI, FRIDAY, JULY 2, 1937 司公限有報西林字

TO-DAY'S ENTERTAINMENTS

	Tel.		Tel.
Ambassador: Entertainment		Hongkew: North of Nome	40148
Auditorium: Hai Alai, 8 p.m.	70099	Isis: Spain in Flames	46721
Canidrome: Greyhound Racing, 8.30		Lafayette: Metropolitan	81200
Casanova: Entertainment		Metropol: Escadrille	93322
Capitol: Call It a Day	17100	Nanking: Night Must Fall	84133
Cathay: Make Way for Tomorrow	73757	Rialto: Plough and the Stars	94110
Ciro's: Entertainment	34340	Willies: Last of the Pagans	43982
Grand: Love is News	32223		

MANCHOUKUO ISSUES GRIM WARNING TO SOVIETS

Changchun Amur River Patrols Will Fire on All Soviet Vessels Encroaching on Southern Bank

TOKYO TAKES GRAVE VIEW OF INCIDENTS

Gaimusho Makes Direct Contact with Moscow on Troop Occupation of Islands: Withdrawal Demanded

Tokyo, July 1.

JAPAN'S "inner Cabinet" this morning met in emergency session and decided, it is learned, that immediate withdrawal of Soviet forces on Bolshoi and Sennuha Islands would be regarded as a prerequisite for settlement of the Japanese-Manchoukuo incident on the Amur River yesterday.

The Premier, Prince Fuminaro Konoye, denied that the full Cabinet had been summoned to study the issue. His colleagues at the special meeting were Mr. Koki Hirota, the Foreign Minister; Gen. Sugiyama, War Minister, and Adm. Mitsumasa Yonai, Navy Minister. Gen. Sugiyama reported that a Soviet gunboat was sunk by Japanese troops in defence from fire by the Soviet vessel. Mr. Hirota recounted the diplomatic exchanges through the Japanese envoy in Moscow and the Soviet undertaking to withdraw troops. Adm. Yonai later proceeded to the Palace to report to the Emperor who asked several questions on details of the Amur embroglio.

Gaimusho officials are bitter at what they term Soviet breach of faith in thus belying promises to withdraw troops, and describe the situation as "undeniably grave." How exceptionally important the Japanese Government regard the issue is stressed in the fact that Japan is making direct contact with Moscow by virtue of the Japanese-Manchoukuo protocol for joint defence. Usually border incidents are negotiated between Manchoukuo and the Soviet authorities without Japanese intervention.

High Army officers told Domei that the first step towards a solution of the problem would be "an immediate withdrawal of Soviet troops from the area, in conformity with a promise given to Mr. Shigemitsu on June 29 by the Soviet Foreign Commissar, M. Maxim Litvinov." Future developments on the spot, they asserted, depended solely upon the attitude of the Soviet Government.

Gaimusho officials emphasized that determined efforts will be made to settle the incident amicably as soon as the Soviet Government withdrew its troops.

Guarded Press Comment

Press comment remained guarded. The "Asahi Shimbun" expressed the belief that "the objective situation" between Japan and the Soviet Union did not allow a single incident on the Amur River to affect the entire relations between the two countries and hoped negotiations readjusting Soviet-Manchoukuo borders would open as soon as possible to eliminate the fundamental causes of border clashes.

The "Yomiuri Shimbun" dwelt on the "provocative attitude" of the Soviet Union and speculated on Moscow's "hidden motives."

Scene of Amur River dispute
(Inset shows Islands)

The Changchun correspondent of the "Asahi Shimbun" to-day predicted aggravation in the situation in the Amur region unless the Soviet Government promptly restored the status quo ante and withdrew its troops.

The correspondent recalled that the Soviets blocked the Pojarkovo channel last year, and failed to reply to Manchoukuo's repeated protests. A Manchoukuo gunboat flotilla re-opened the channel on May 19, making its way upstream and this "apparently served as a signal for the mobilization of Soviet gunboat flotillas on the Amur and for the concentration of about four divisions of troops between Khabarovsk and Blagoveschensk." Soviet border forces occupied Bolshoi and Sennuha on June 19.

Long Series of "Incidents"

Citing official figures, the correspondent said the Manchoukuo border was "illegally crossed" by Soviet soldiers on more than 400 occasions since 1935 in which year there were 136 alleged violations of Manchoukuo's frontier line of which 88 occurred on the eastern border, 22 on the northern, eight on the western and eighteen along the Manchoukuo-Outer Mongolian boundary line. There were 203 alleged violations in 1936 while 86 more were recorded between January and June this year.

Other reports received here said the Soviet river flotilla now near the two islands includes "about fifteen" gunboats, ranging in displacement between 100 and 500 tons, and "a few" 1,000-ton warships, each armed with 15-centimetre guns.

The Amur River Fleet, it was reported, consists of seven 1,000-ton ships and forty to fifty gunboats with displacement ranging between 100 and 500 tons.—Domei.

Changchun Gives Warning

Changchun, July 1.

Invoking the right of self-defence, the Manchoukuo Government to-night warned Soviet vessels to steer clear of the southern banks of the Amur River under pain of being fired upon at sight.

The zone interdicted includes all channels close to the Manchurian shore near Sennuha and Bolshoi Islands. These drastic measures will

(Continued on page 11)

Soviet Version Reverses Tally Of Amur Affair

Japanese Fired First, Two Killed, No Ship Lost

MOSCOW OFFERS JOINT BORDER COMMISSION

Moscow, July 1.

Blagoveschensk reports that on June 29 a Japanese-Manchurian cutter fired at the Soviet frontier guard post near the Island of Sychevsky (Sennukha) on the Amur River. After fire was returned by the Soviet post, the Japanese-Manchurian cutter opened artillery fire from the Manchurian bank of the Amur River on a Soviet frontier cutter cruising near the Soviet bank of the River, damaging the cutter. Two of the crew of the Soviet cutter were killed and three wounded. The Japanese-Manchurian cutter was taken in tow by Soviet frontier cutters and brought to the Soviet bank of the River.—Tass.

Soviet Proposal

Washington, June 30.

The Soviet Embassy announced to-day that the Government of the U.S.S.R. had proposed to Japan that both countries withdraw their armed forces from the vicinity of the islands in the Amur river and had renewed the proposal to form a commission to settle the boundary.—United Press.

London is Concerned

London, July 1.

London received the news of the sinking of a Soviet gunboat by Japanese and Manchoukuo forces yesterday afternoon in the Amur River, with concern and surprise as earlier despatches tended to show that the difficult situation arising from the Soviet occupation of the islands was apparently settled.

Hope was expressed to-day that the new incident would be settled amicably without causing fresh tension on the frontier.—Reuter.

SOVIET'S "PURGE" CONTINUES

Third Premier Arrested and More "Spies" Caught

Moscow, July 1.

M. Khodzhayeff, Premier of Uzbekistan, accused of having had connections with counter-revolutionaries for many years, is the latest victim of the "purge" in Central Asia. With his removal, three Premiers of Soviet republics have been eliminated.

The "purge" in Central Asia has resulted in the discovery of "innumerable spies, wreckers and Trotskyists," says an official statement.

Meanwhile a new decree denouncing "wreckers of Soviet farming" has been issued. It foreshadows a "purge" among the peasantry. Twenty-five per cent. of the seed corn issued last year was eaten instead of sown, says the decree.

"Industrialisatzui," the official organ of the heavy industry, reveals that the famous iron centre of Magnetogorsk is already 800,000 tons behind the year's programme, and that machine-makers have been held up because of lack of iron and steel.—Reuter.

Defence Leaders Held

Moscow, July 1.

About 80 per cent. of the leaders in the defence organization "Ossoviachim," have been arrested, according to reports circulated here, because they maintained too close relations with the recently executed leader of the organization, Gen. Eidmann.

It is also announced that the entire "Ossoviachim," which is Soviet Russia's largest civil defence organization, is to be reorganized, especially in frontier districts.

Recent execution of some 180 leading Far Eastern railway officials has left the Soviet railways in the Far East with an acute shortage of trained personnel. The younger men are unequal to their tasks.—Trans-Ocean.

Spanish Control Plan Fate To Be Decided To-day

Britain Will Make Final Effort for Scheme

ITALIAN PRESS GIBE

Rome Press Casts Doubts on Impartiality

London, July 1.

If the Franco-British offer to close the gap in the Spanish control system caused by the withdrawal of the Italian and German ships is not accepted at to-morrow's meeting of the Non-Intervention Committee, Great Britain and France will probably reserve their attitude towards the whole policy of non-intervention.

The British have offered to undertake patrol off the Mediterranean coast of Spain—a task which would entail great expense and inconvenience—and to accept neutral observers on British control ships.

Some irritation is consequently felt because of the doubts cast in Italy and Germany on the impartiality of the British intention.

The raising of non-intervention would be likely to prolong the Spanish civil war indefinitely through the free supply of arms to both sides by land and sea.—Reuter.

Serious Rome Allegation

Rome, July 1.

Charges that Britain and France have not observed non-intervention in Spain, but have openly helped the Spanish "Reds," are made in an unsigned article in Signor Benito Mussolini's newspaper, "Popolo d'Italia," believed to have been written by Il Duce himself.

The recall of foreign volunteers, the writer says, is so complicated as to be impossible. As for the Italian volunteers, they were not sent by the Italian Government, which therefore has not the means to recall the men, who are dependent on Gen. Francisco Franco, the Nationalist leader.

"The Italian Government," the article proceeds, "cannot do it, and, in the present circumstances, will not."

The Italian volunteers, the article asserts, went to Spain because it was necessary to give Gen. Franco proof of some solidarity against anti-Fascism. Not to have accepted the challenge of the "Reds" would have been suicide.—Reuter.

MYSTERIOUS NAVAL DEMONSTRATION

Valencia Tells of Warships of Unknown Nationality

Valencia, June 30.

Seven warships of unknown nationality staged a naval demonstration off the island of Minorca last night, according to a Spanish Government communique.—Reuter.

Biscay Booty for Rebels

St Jean de Luz, June 30.

An impressive catalogue of booty was captured by the Nationalists in the recent Biscay offensive. The list comprised 220 guns, 265 trench mortars, 671 machine-guns, 553 light machine-guns, 47,215 rifles, 18,000,000 cartridges, 60,000 big shells, 25 new tanks, 100 derelict tanks and 123 armoured cars and lorries.—Reuter.

Castro Urdiales Occupied

Bilbao, June 30.

On their march to Santander the Nationalists to-day occupied the coastal town of Castro Urdiales, 24 miles beyond Bilbao. There was no resistance as the town had already been evacuated. The Nationalists also captured important positions on the Manzano heights north-west of Valmaseda and the villages of Pandonzales, La Piedra and Ocharan, which brings the Nationalist vanguard to within three miles of the border of Santander province.

The village of Larreo, present seat of the Basque Government and their military headquarters after the flight from Bilbao, is now within reach of Nationalist guns. Nationalist air activity on the Basque front also resumed to-day.—Trans-Ocean.

GOVERNMENT HOLDS ST. IVES

Close Voting Requires New Count

London, July 1.

The Government candidate has won, by a narrow majority, the by-election in the St. Ives division of Cornwall necessitated by the elevation to the peerage of Mr. Walter Runciman. So close was the voting that a recount was ordered.

The figures were:

Mr. Beecham (Lib. Nat.)	13,044
Mr. Isaacs Foote (Lib.)	12,834

Mr. Beecham beat his opponent by 210 votes. At the last election Mr. Runciman, as he then was, was returned unopposed.—Reuter.

FAR EAST SHIPPING CO-OPERATION

Passenger Conference of Nations Formed

London, June 30.

A Passenger Conference of practically all the steamship lines engaged in Far Eastern trade was formed to-day with the objects of friendly co-operation between members and co-ordination of action regarding sailings, passage rates and other kindred subjects.

The Conference comprised representatives of American, English, French, Netherlands, Italian, German and Japanese lines.—Reuter.

BATTLE SCENES FROM AMERICA'S WIDE STRIKE FRONT

Four were killed in the steel strike riot near the south Chicago plant of the Republic Steel Corporation, pictured above when police charged strikers bent on damage. In the lower photo, the mob runs from a police tear-gas charge in a laundry riot in Little Falls, New Jersey. In the lower left corner one of the demonstrators can be seen about to hurl one of the gas bombs back at the police.

U.S. May Make Move to Assist World Recovery

Mr. Cordell Hull Amplifies President's Hint

BELGIAN PREMIER'S TALK MAY BRING RESULTS

New York, June 30.

Speculation as to whether the United States Government is preparing some definite move on behalf of world recovery, as the result of the visit of the Belgian Prime Minister, M. Paul Van Zeeland, has been aroused by a statement made to-day by the Secretary of State, Mr. Cordell Hull.

The statement is an elaboration of the joint announcement made yesterday by President Roosevelt and M. Van Zeeland in which it was declared that the United States was disposed to co-operate in the "joint work" of rebuilding international trade, solving monetary matters and effecting armament reduction.

Mr. Hull told pressmen that there was a strong feeling in the United States that the time was over-ripe for a programme for the peaceful settlement, readjustment and rehabilitation of essential international relationships to replace the present "frenzied armaments race elsewhere in the world and the narrow cut-throat means of commercial trading employed by some nations."

M. Van Zeeland is now en route home in the ss. Normandie. He is in a most optimistic mood regarding his conversations in Washington but said no public announcement would be made until he had conferred with officials at home.—Reuter.

U.S. Favours Democracies

Washington, June 30.

The United States Government, in a series of moves yesterday, had strengthened the bonds of democracies in Asia and Europe and increased the solidarity of American nations, in the opinion of Mr. Frank Waltman, in the "Washington Post" yesterday.

Under the headline "U.S. To Give Democracies Economic Aid," the article stated that the U.S. Government, without advertising and in so many words, undertook to give renewed assurance of its sympathetic co-operation in economic matters to China, Belgium, France and Britain, thus moving closer into this democratic bloc.

After discussing M. van Zeeland's visits to President Roosevelt, Mr. Cordell Hull and Mr. Henry Morgenthau, the article stated that "during the day the President conferred with Dr. H. H. Kung." All President Roosevelt said about the meeting was that Dr. Kung is returning for another conference on Tuesday. But it is clear that Dr. Kung's visit to Washington is drawing closer the bonds of friendship and help between China and the United States. This is evidenced when the chairman of the Reconstruction Finance Corporation, Mr. Jesse Jones, announced that the Government-owned Import-Export Bank had agreed to take part in financing China's purchase of American locomotives and equipment.

The writer gave the gist of Dr. Kung's press interview yesterday noon and stated that he is being roundly received by U.S. officials.

The best guarantee of peace in the Orient, the article stated, comes only with a strong, independent China. Government officials, the writer pointed out, are anxious to encourage undertakings toward that end.

After discussing at length the Senate ratification of the Pan-American "good neighbour" treaties, Mr. Waltman said that the spirit of the Buenos Aires conference was emphasized by the Senate action yesterday.—United Press.

Man Buried Alive While Shovelling Coal

A freak accident at the Riverside Station of the Shanghai Power Company cost the life of a Chinese stoker early yesterday morning. The man was shovelling coal at about 7 a.m., when he was buried in a slide and suffocated. He was removed from the coal and sent in an ambulance to the Lester Chinese Hospital, where he was pronounced dead.

The body was taken to the Public Morgue in Fearon Road and an inquest will be held there by the Procurator of the First Special District Court.

Indiana Steel Plant to Open By New Accord

Inland Steel Co. Breaks Independent Lockout

FURTHER VIOLENCE AT CAMBRIA FACTORY

Indianapolis, Ind., June 30.

A conference between the Governor, Mr. M. Clifford Townsend, Mr. Van A. Bittner, director of the Steel Workers' Organizing Committee, and Mr. Thomas R. Hutson, State Labour Commissioner, to-day resulted in a "memorandum of understanding" with the Department of Labour and the termination of the strike at the Indiana Harbour plants of the Inland Steel Co. Executives of the steel company joined in the conference by telephone.

By the agreement, company operators recognize the S.W.O.C. as bargaining agent and the union will call off the strike, permitting 12,500 workers to return to their jobs to-morrow.

The Governor indicated that he expected the Youngstown Sheet and Tube Co. to come to a similar agreement with the S.W.O.C., an affiliate of the Committee for Industrial Organization.

Earlier to-day the Governor mobilized 3,900 National Guardsmen for the re-opening of the Inland and Youngstown plants.

One thousand pickets at the Indiana Harbour plants of the Inland Steel Co. staged a huge parade to-day in celebration of the settlement.—United Press.

Soldiers Protect Workers

Canton, Chio, June 30.

Rocks thrown by C.I.O. pickets crashed car windown and injured several non-strikers leaving the plants of the Republic Steel Corp. here again to-day when shifts changed. It was the second outbreak of violence of the day near the gates of the mills which were re-opened this morning in defiance of the strike. During the change of shifts at the Republic plants, 250 cars drove into the plants with Army trucks protecting the parade while C. I. O. strikers shouted but made no attempt to molest the workers.—United Press.

Johnstown, Pa., June 30.

Railroad brotherhood leaders late to-day threatened to cut off all car shipments to the Cambria plant of the Bethlehem Steel Corp. here if conditions are unsafe there.—United Press.

120 Injured in Skirmish

Cleveland, June 30.

Twelve hundred persons skirmished in the latest outbreak of strike violence here to-day and 120 were injured, twenty of whom were sent to hospital. The skirmish occurred when knitting company employees engaged in the "back to work" movement, including a number of women, clashed with pickets at the Stone Knitting Mills and with 100 police who attempted to restore order.—United Press.

China Station C.-in-C. Made Full Admiral

Reappointment to China for Sir Charles Little

FULL LIST OF FAR EAST NAVAL PROMOTIONS

Information has been received from London that Vice-Admiral Sir Charles Little, Commander-in-Chief of the China Station, has been promoted to Admiral. He has been reappointed to the China command on his promotion.

The following officers, included in the list of half-yearly British naval promotions, are serving, or have just lately served, in ships of the China Station:—

Commander to Captain:

N.V. Grace late in command of H.M.S. Grimsby; Lt. Cmdr. to Commander:

T. Harland, late in command of Gunboat Scarab.

W. E. Banks, at present commanding H. M. Submarine Osiris.

Lt.-Cmdr. (E) to Commander (E):

E. C. H. Featherstone, at present serving in H.M.S. Decoy. Paymaster Commander to Paymaster Captain:

E. H. Wethey, late Secretary to Admiral Sir Howard Kelly. Paymaster Lieut-Commander to Paymaster Commander:

H. M. Horne, late Secretary to Admiral Sir Frederick Dreyer.

The following promotions have been made to date June 30, 1937, except where otherwise stated:—

Commander to Captain: (15)

Sir Philip Weyland Bowyer-Smyth, Bt.; Norman Vere Grace; John Gerlad Yerburgh Lovehand; Henry Berwick Crane; Edward Lyon Berthon, D.S.C.; Hugh Merriman Barnes; Patrick William Beresford Brooking; Quintin Dick Graham; Alexander Henry Maxwell-Hyslop, A.M.; Maurice James Mansergh; Henry William Urquhalt McCall; Stephen Harry Tolson Arliss; Phillip King Enright; Geoffrey Nigel Oliver; The Lord Louis Francis Albert Victor Nicholas Mountbatten, G.C.V.O.

Lieutenant-Commander to Commander: (28)

Hector Du Plessis Richardson; Arthur George West; Anthony Paul Colthurst; William Eames Wilson; Miles Cursham; Thomas Harland; Thomas William Marsh; William Eric Banks; David Henry Magnay; John Jefferis; Leslie Newton Brownfield; Michael Frederick Lyon Henstock; Addison Joe Baker-Cresswell; Claude Walter George Mansel Woodhouse; John Hamilton Allison; Lionel Peyton Skipwith; Leonard Chisholm Sinker; Ludovic Ernest Porter; Robert Francis Elkins; Stephen Hope Carlill; Guy Willoughby; Harry Philip Currey; Alexander Pollock Gibson; Clarence Dinsmore Howard Johnston; Arthur Reid Pedder; Harold Thomas Armstrong.

Engineer Commander to Engineer Captain: (3)

Alfred Cogill Bray; Cecil James Granville Mackenzie, M.V.O.; Henry William Ascott.

Commander (E) to Captain (E): (1)

Cuthbert Walter Sumner Gibson.

Lieutenant-Commander (E) to Commander (E): (10)

Ernest Charles Henry Featherstone; Edward Thomas Hoddard; Thomas Arthur Hunter Walker; Frederick Graham Spratt Bowring; John Dudley Nelson H.A.M.; John Noel Fisher Haigh; Arthur Hamilton Drake; Henry John Bedford Grylis; Robert Gregory Balxland; Evelyn Farrance Anderton.

Engineer Lieutenant Commander to Engineer Commander: (2)

Henry Alan Higgs; Thomas Edwin Davies.

Surgeon Commander to Surgeon Captain: (2)

Frederick Cecil Wright, M.R.C.S., L.R.C.P. (to date 2nd July 1937); Henry Ellis Yeo White, C.V.O., O.B.E., M.D. (Ed) Ch.B. F.R.C.S. (ed) K.H.S. (to date July 2, 1937).

Paymaster Commander to Paymaster Captain: (2)

Henry Rogers, O.B.E.; Edwin Howard Wethey, O.B.E.

Paymaster Lieutenant Commander to Paymaster Commander: (15)

Charles Robert Vernon Gibbs; Bertram Kingsely Hele Norgate; Norman Thomas Porteous Cooper; Stuart Frank Stapelton; Stanley Thomas Beardsworth; Frederick James Telling; William Sydney Ashby Stapley; William Stevens Cooper; Gerald Howitt Courtier; John Eustace Pibworth; Alfred Gordon Jones; Theodore Eric Nave; George Cecil Gwynne Marfell; Geoffrey Alwyn Joseph Schofield; Harald Metcalfe Horne.

R.A.F. Airman Achieves New Altitude Mark

Flgt.-Lt. M. J. Adam Attains 53,937-ft. at Farnborough

OLD BRITISH, ITALIAN RECORDS BROKEN

London, June 30.

Flgt.-Lt. M. J. Adam, piloting a Royal Air Force aeroplane, to-day attained an altitude of 53,937ft. in a flight at Farnborough, thereby establishing a new world record.

After his achievement, Flgt.-Lt. Adam casually mentioned in an interview that when he was near his "ceiling," he heard a very loud crack overhead and found there was a large rent in the transparent roof of his cabin. The roof had apparently burst from contraction of the material owing to the cold.

The altitude record of 53,937 ft., or 16.440 metres, is 2.575 ft. greater than the figure reached by the Italian pilot, Lt.-Col. Mario Pezzi, last month, and 3,993 ft. or 1,217 metres more than the height achieved by Sq. Ldr. F. D. R. Swain in September, 1935. The Italian record, however, has not yet been homologated.

This is the second occasion on which the Royal Air Force has successfully attempted to secure an altitude record and the Ministry of Air states that high praise is due to the pilot for his sustained flying effort which has enabled the existing record to be broken by a substantial margin.

Same Pegasus Engine Used

The aircraft's Pegasus engine and special equipment are of British design and manufacture. The 'plane used by Flgt.-Lt. Adam was the same with slight modifications, as that used by Sq.-Ldr. Swain when he broke the world altitude record last Autumn.

Flgt.-Lt. Adam took off from the aerodrome at Farnborough, Hampshire, at 5.40 a.m. and landed there at 7.55 a.m., the climb lasting 95 minutes.

There was a clear sky and practically no wind when the ascent began.

Flgt.-Lt. M. J. Adam

The attempt was observed by an official representative of the Royal Aero Club and the height attained was officially communicated to the Ministry of Air by the Club.—Reuter.

CANADIAN PREMIER LEAVES GERMANY

Mr. Mackenzie King Well Satisfied with Visit

Berlin, June 30.

"The sole purpose of my visit to Germany was to promote understanding, goodwill and friendship and in all three my expectations were more than fulfilled," said Mr. W. L. Mackenzie King, Prime Minister of Canada, as he departed for home to-day after visiting Herr Adolf Hitler and the Foreign Minister, Baron Konstantin von Neurath.

He added that his visit had been "promising and most reassuring."

During the conversations which Mr. Mackenzie King had with the Fuhrer and Baron von Neurath, economic questions, with emphasis on commercial relations between Germany and Canada, and the general political situation were discussed.—Reuter.

Wilhelmstrasse Dinner

Berlin, June 30.

Baron Konstantin von Neurath, the German Minister of Foreign Affairs, gave a luncheon to-day in honour of Mr. William L. Mackenzie King, the Canadian Prime Minister, who is on visit to the German capital.

At the invitation of Col.-Gen. Hermann Goering, the Canadian Prime Minister had attended on the previous evening, a performance of Verdi's "Un Ballo in Maschero" at the State Opera House.—Trans-Ocean.

KING IS MADE PAST GRAND MASTER

First Ruler to Attend Masonic Meet

SPECIAL TO THE "N.C.D.N."

London, July 1.

The Albert Hall presented a memorable scene to-day when the special Grand Lodge of the United Grand Lodge of England invested the King as Past Grand Master.

This was the first time any King of England attended a Masonic meeting after his accession.

Nine thousand Free Masons from all parts of the Empire gave the King an enthusiastic welcome.—Reuter.

"N.-C.D.N." CORONATION MEMORIAL FUND

Previously acknowledged	$96,983.54
The Dunlop Rubber Co., (China), Ltd.	250.00
Mr. and Mrs. Gordon J. Day	25.00
	$97,258.54

FRENCH FRANC UNPEGGED OFF GOLD FETTERS

Gold Buying Price Fixed at Frs. 28,959

SHARP FLUCTUATIONS

Bank of France Advances Frs. 15 Milliards

Paris, July 1.

France is officially "off gold." This was the Government's first action after securing unfettered authority from both Houses of Parliament to deal with the financial and economic crisis. The franc, like the pound sterling, has been unpegged from gold.

The portion of the Monetary Law of October 1, 1936, which fixed the gold value of the devalued franc between 49 and 43 milligrammes of gold, has been suspended by decree and the new gold content will be fixed by decree later.

The gold-buying price has been fixed at Frs.28.959 per kilo. This is equivalent to an exchange rate for sterling of Frs.128.75.

Further advances to the State amounting to Frs. 15 milliards have been authorized by the Bank of France.

Though the Stock Exchange bourse was re-opened to-day, the commercial exchange bourses remained closed.

Meanwhile the decree suspending payments in settlement of commercial bills and undertakings where payment in gold or foreign currencies was stipulated, has been cancelled by the Minister of Finance, M. Georges Bonnet.

Senate Urges Balanced Budget

In a speech which the Senate evidently regarded as the funeral oration of the Popular Front, M. Gardey, rapporteur of the Budget Commission, declared yesterday that the reason the Senate was reluctant to accord plenary powers to M. Leon Blum's government, but was ready to give them to the new government, was because the former would have used those powers for coercion and nationalization rather than national recovery.

It was calumny, he continued, to say that the Senate was not disposed to fight speculation, but the Senate did demand a balanced Budget and had found that M. Blum's government was borrowing to the hilt for Treasury requirements.

The Socialists swallowed their medicine grudgingly and M. Vincent Auriol, the former Finance Minister, walked out at the Senate's proposal to placard M. Gardey's speech. The sitting was then suspended. On resumption, M. Gardey asked for the withdrawal of the proposal as it might endanger the friendly feeling between the two Houses.—Reuter.

"Free Franc" Fluctuates Sharply

London, July 1.

Intense interest marked the commencement of dealings in foreign exchanges this morning in the "free franc."

Foreign exchange brokers were inundated with telephone inquiries, but most calls did not result in business. Some initial bear coverings accounted for initial steadiness of the rate around 123, but, subsequently, buying dried up and, with speculators more aggressive on non-appearance of any official support for the franc, the rate speedily slipped down to 129. Afterwards it fluctuated between this level and 127. The rate at the close on Monday was 110.53. Well-informed quarters are not inclined to comment on the future, as the principles of the rehabilitation programme of M. Georges Bonnet are good, but a great deal depends on their application.

In the House of Commons yesterday, Sir John Simon, Chancellor of the Exchequer, said the French Government had assured him that it was not seeking exchange advantage from the franc adjustment and that France was anxious to continue close co-operation with the Governments of the United States and the United Kingdom, which "is also the strong desire of the British Government and I am in close touch with the French Minister of Finance and the Secretary of the United States Treasury with this object in view."—Reuter.

Agreement To Continue

Washington, July 1.

Mr. Henry Morgenthau, Secretary of the Treasury, announced to-day that the tripartite monetary agreement between the United States, France and Great Britain would continue.—Reuter

Uncertainty in New York

New York, June 30.

Foreign exchange circles here regard the decline of the franc as an indication that France's withdrawal from the Tripartite Agreement is already a fact though a formal French announcement has not yet been issued.

The first actual trading in spot French francs was done to-day at $4.00 to 100 francs. The volume was small and strictly for commercial purposes. Some short covering appeared later while some bankers offered from $4.15 to $4.13 for 100 francs.—Reuter.

TEMPORARY REGULATION OF GOLD OUTPUT

South Africa Will Be Asked to Consider Issue

London, June 30.

The Chancellor of the Exchequer, Sir John Simon, told the House of Commons to-day that he would "gladly consider" the suggestion that the Government approach the South African Government to suggest, in effect, that the output of gold be temporarily regulated.

The Bill providing an increase in the Exchange Equalization Account from £350,000,000 to £550,000,000, passed its second reading to-day without a division.—Reuter.